

Filing at a Glance

Company: American States Insurance Company

Product Name: USS 07-0187 Form

SERFF Tr Num: SAFC-125193535 State: Arkansas

TOI: 05.0 Commercial Multi-Peril - Liability &
Non-Liability

SERFF Status: Closed

State Tr Num: AR-PC-07-025243

Sub-TOI: 05.0002 Businessowners

Co Tr Num: 07-0187

State Status:

Filing Type: Form

Co Status:

Reviewer(s): Betty Montesi,
Llyweyia Rawlins

Author: Cheryl Murakami

Disposition Date: 07-03-2007

Date Submitted: 06-26-2007

Disposition Status: Approved

Effective Date Requested (New): 08-23-2007

Effective Date (New): 08-23-2007

Effective Date Requested (Renewal): 08-23-2007

Effective Date (Renewal): 08-23-
2007

General Information

Project Name: Ultra Specialty Services Tools and Equipment Coverage Status of Filing in Domicile: Authorized
Form Filing

Project Number: 07-0187

Domicile Status Comments:

Reference Organization: N/A

Reference Number: N/A

Reference Title: N/A

Advisory Org. Circular: N/A

Filing Status Changed: 07-03-2007

State Status Changed: 06-28-2007

Deemer Date:

Corresponding Filing Tracking Number:

Filing Description:

We are replacing the CM 78 39 07 99 version with the 11 05 version. The new form includes expanded coverage for
waterwell drilling equipment.

We propose that this change be implemented for all policies written on or after August 23, 2007, under your states Prior
Approval statute.

Company and Contact

Filing Contact Information

Cheryl Murakami, Filing Coordinator

chemur@safeco.com

Safeco Plaza

(206) 545-5584 [Phone]

Seattle, WA 98185

(206) 545-3478[FAX]

Filing Company Information

American States Insurance Company
4333 Brooklyn Ave NE
Seattle, WA 98105-9903
(206) 545-5000 ext. [Phone]

CoCode: 19704
Group Code: 163
Group Name:
FEIN Number: 35-0145400

State of Domicile: Indiana
Company Type:
State ID Number:

Filing Fees

Fee Required?	Yes
Fee Amount:	\$50.00
Retaliatory?	No
Fee Explanation:	
Per Company:	No

CHECK NUMBER	CHECK AMOUNT	CHECK DATE
0001371983	\$50.00	06-26-2007

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	07-03-2007	07-03-2007

Disposition

Disposition Date: 07-03-2007

Effective Date (New): 08-23-2007

Effective Date (Renewal): 08-23-2007

Status: Approved

Comment:

Rate data does NOT apply to filing.

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	side-by-side	Approved	Yes
Form	USS Tools and Equipment Coverage Form	Approved	Yes

Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	USS Tools and Equipment Coverage Form	CM 78 39	11 05	Policy/Coverage Replaced Form	CM 78 39 07 99	0.00	CM 78 39 11 05.pdf

ULTRA SPECIALTY SERVICES TOOLS AND EQUIPMENT COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F — DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. **COVERED PROPERTY**, as used in this Coverage Form means your property or property of others including property you have leased or rented on a "long term" basis which is in your care and for which you are liable.

Property must consist of:

- a. Scheduled Contractors Equipment for which a limit of insurance is shown in the Declarations including accessory equipment and spare parts designed for use with the described equipment; and/or
- b. Unscheduled Contractors Tools that do not exceed \$1,000 in value for any one item for which an aggregate limit of insurance is shown in the Declarations.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Automobiles, or other vehicles designed for highway use, unless unlicensed and not operated on public roads;
- b. Watercraft;
- c. Aircraft;
- d. Property while airborne or waterborne, except while in transit;
- e. Property while in cofferdams, underground (except for waterwell drilling equipment), in caissons or underwater;
- f. Property you have leased or rented to others;
- g. Property you have leased or rented from others on a "short term" basis unless

selected under the Optional Coverage provision as provided in this policy.

- h. Employees' Tools unless if selected under the Optional Coverage provision as provided in this policy; or
- i. Property which has become a permanent part of any structure.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. COVERAGE EXTENSIONS

a. DEBRIS REMOVAL

We will pay for expenses you incur for the removal of debris of the covered property, which is occasioned by a "loss" covered by this coverage part. This payment shall be in addition to the insurance provided under this coverage part, but in no event will we be liable for more than \$50,000 under this extension in any one "loss".

b. POLLUTANT CLEAN UP AND REMOVAL

We will pay your expenses to extract "pollutants" from land or water if the release, discharge or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (1) The date of direct physical "loss"; or,

- (2) The end of the policy period.

The most we will pay under this Coverage Extension is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

BORROWED PROPERTY

Equipment and/or tools of others you have borrowed and for which you are legally liable.

5. OPTIONAL COVERAGE

a. RENTAL REIMBURSEMENT:

The most we will pay in any one occurrence for rental reimbursement is \$5,000 or the limit shown on the Declaration, whichever is greater. We will pay you for the expense of renting equipment and/or tools, when the rental is made necessary by:

1. A covered "loss" to equipment and/or tools covered in this policy, and
2. Such equipment and/or tools are needed to continue normal operations, and
3. You do not have substitute equipment and/or tools.

We will pay 75% of your actual rental cost

- a. Beginning 72 hours after you report a "loss"; and
- b. Ending when:
 - (1) The lost or damaged property has been replaced or repaired; or
 - (2) The need for the rented equipment and/or tools no longer exists; whichever occurs first.

This amount will not be adjusted by a deductible or effected by the coinsurance provision.

b. EMPLOYEES' TOOLS:

If a limit is shown on the Declarations for employees' tools, we will pay the "loss" if such "loss" results from a covered cause of loss and occurs at your job site.

c. EQUIPMENT AND TOOLS LEASED OR RENTED FROM OTHERS ON A "SHORT TERM" BASIS:

If a limit is shown on the Declarations for equipment and tools leased or rented from others on a "short term" basis, we will pay the "loss" to such equipment and tools belonging to others which you have leased or rented under written agreement, if the "loss" results from a covered cause of loss for which you are legally liable.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.
- b. Unexplained disappearance.
- c. Shortage found upon taking inventory.
- d. Dishonest or criminal act committed by:
 - (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such:

- (1) Persons are acting alone or in collusion with other persons; or
- (2) Acts occur during the hours of employment.

This exclusion does not apply to:

- (1) Covered Property that is entrusted to others who are carriers for hire; or
- (2) Acts of destruction by your employees. But theft by employees is not covered.

- e. Electrical currents, other than those caused by lightning that damage electrical equipment including its wiring unless fire or explosion ensues. We will then pay only for the loss caused by the ensuing fire or explosion.
- f. When the weight of the load exceeds the registered lifting or supporting capacity of the equipment.
- g. Your neglect to use all reasonable means to save and preserve the property at and after any "loss" or when the property is so endangered.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss".

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event

excluded in paragraph 1. above to produce the "loss".

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property wherever located.

- d. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation, mechanical breakdown, insect, vermin, rodents, corrosion, rust, dampness, cold or heat.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations for the coverages selected.

D. DEDUCTIBLE

1. SPECIFIC DOLLAR DEDUCTIBLES

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance, exceeds the largest Specific Dollar Deductible shown in the policy. We will then pay the amount of the adjusted "loss" in excess of the Specific Dollar Deductible, up to the applicable Limit of Insurance.

2. PERCENTAGE DEDUCTIBLES

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limit of Insurance, exceeds the largest Percentage Deductible shown in the policy. The Percentage Deductible will apply to the amount of insurance per item; or, to the largest item if two or more items are involved in the same "loss". We will then pay the amount of the adjusted "loss" in excess of the Percentage

Deductible, up to the applicable Limit of Insurance.

3. MULTIPLE DEDUCTIBLES

When a combination of Specific Dollar and Percentage Deductibles appear in the policy, only the largest deductible will be applied in any one occurrence when determining the adjusted "loss". We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine and the Common Policy Conditions:

1. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America; and
- b. Canada.
- c. Puerto Rico.

2. COINSURANCE

All Covered Property must be insured for 100% of its total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to 100% of the total value of all property at all locations as of the time of "loss".

3. REPORTS AND PREMIUM

The following condition applies to the optional coverage of Equipment and Tools Leased or Rented from Others on a "short term" basis.

- a. Reports. You must file with us a report, within 30 days of the end of each reporting period shown in the Declarations, showing the "premium base".

- b. Rates and Premiums.

- (1) Premium Computation. We will compute the premium:

- (a) Using the "premium base" and rates shown in the Declarations, and

- (b) As of each premium adjustment period shown in the Declarations.

(2) Premium Adjustment.

- (a) When the Annual Premium Adjustment Period is shown in the Declarations, we will compare the total computed premium to the Deposit Premium. If it is more than the Deposit Premium, you will pay us the difference. If it is less than the Deposit Premium, we will pay you the difference.

- (b) When any other Premium Adjustment Period is shown in the Declarations, we will apply the computed premium to the Deposit Premium until it is used up. You will pay us all the premiums that exceed the Deposit Premium.

- (3) Minimum Premium. You must pay at least a minimum annual premium of \$100.00.

- (4) If this coverage is canceled, you will report the "premium base" as of the date of cancellation. We will compute the premium for less than a full adjustment period on a pro rata basis.

- c. Coinsurance. If at the time of "loss".

- (1) You have not submitted any required reports, we will not pay more than 90% of the amount that we would otherwise have paid.

- (2) Your last report prior to "loss" is less than the amount you are required to report, we will pay only that proportion of the "loss" that the reported amount bears to the total amount of all Covered Property as of the time of the last report.

4. ADDITIONAL ACQUIRED PROPERTY

If during the policy period you acquire additional property of a type already covered by this form, we will cover such property for up to 60 days. The most we will pay in a "loss" is the lesser of:

- a. 25% of the total Limit of Insurance shown in the Declarations for that type of property; or

- b. \$250,000.

You will report such property within 60 days from the date acquired and will pay any

additional premium due. If you do not report such property, coverage will cease automatically 60 days after the date the property is acquired.

This condition does not apply to equipment and tools leased or rented from others on a "short term" basis.

5. VALUATION

The Valuation condition contained in the Commercial Inland Marine Conditions is amended to include the following:

We will not deduct depreciation for a partial "loss" to an item when the "loss" is less than fifteen percent (15%) of the actual cash value of the item.

6. NOTICE TO POLICE

You agree that you will report promptly to the Police Department all thefts or acts of vandals.

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Short term" means any one lease or rental agreement not exceeding 30 days.
3. "Long term" means any one lease or rental agreement exceeding 30 days.
4. "Premium base" means the total expenditures incurred by the insured.
5. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

Rate Information

Rate data does NOT apply to filing.

Supporting Document Schedules

Bypassed -Name:	Uniform Transmittal Document- Property & Casualty	Review Status: Approved	07-03-2007
Bypass Reason:	Please see General Information Tab for this information.		
Comments:			

Satisfied -Name:	side-by-side	Review Status: Approved	07-03-2007
Comments:			
Attachment:			
side-by-side.PDF			

*** REPRINTED FROM THE FORMS LIBRARY ***

**ULTRA SPECIALTY SERVICES
TOOLS AND EQUIPMENT
COVERAGE FORM**

CM 78 39 [07 99]

COMMERCIAL INLAND MARINE

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. **COVERED PROPERTY**, as used in this Coverage Form means your property or property of others including property you have leased or rented on a "long term" basis which is in your care and for which you are liable.

Property must consist of:

- a. Scheduled Contractors Equipment for which a limit of insurance is shown in the Declarations including accessory equipment and spare parts designed for use with the described equipment; and/or
- b. Unscheduled Contractors Tools that do not exceed \$1,000 in value for any one item for which an aggregate limit of insurance is shown in the Declarations.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Automobiles, or other vehicles designed for highway use, unless unlicensed and not operated on public roads;
- b. Watercraft;
- c. Aircraft;
- d. Property while airborne or waterborne, except while in transit;
- e. Property while in cofferdams, underground, in caissons or underwater;
- f. Property you have leased or rented to others;
- g. Property you have leased or rented from others on a "short term" basis unless selected under the Optional Coverage provision as provided in this policy.
- h. Employees' Tools unless if selected under the Optional Coverage provision as provided in this policy; or
- i. Property which has become a permanent part of any structure.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property

except those causes of "loss" listed in the Exclusions.

4. COVERAGE EXTENSIONS

a. DEBRIS REMOVAL

We will pay for expenses you incur for the removal of debris of the covered property, which is occasioned by a "loss" covered by this coverage part. This payment shall be in addition to the insurance provided under this coverage part, but in no event will we be liable for more than \$50,000 under this extension in any one "loss."

b. POLLUTANT CLEAN UP AND REMOVAL

We will pay your expenses to extract "pollutants" from land or water if the release, discharge or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (1) The date of direct physical "loss"; or,
- (2) The end of the policy period.

The most we will pay under this Coverage Extension is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

c. BORROWED PROPERTY

Equipment and/or tools of others you have borrowed and for which you are legally liable.

5. OPTIONAL COVERAGE

a. RENTAL REIMBURSEMENT:

The most we will pay in any one occurrence for rental reimbursement is \$5,000 or the limit shown on the Declaration, whichever is greater. We will pay you for the expense of renting equipment and/or tools, when the rental is made necessary by:

1. A covered "loss" to equipment and/or tools covered in this policy, and

Safeco Insurance

COMMERCIAL INLAND MARINE
CM 78 39 11 05

**ULTRA SPECIALTY SERVICES
TOOLS AND EQUIPMENT
COVERAGE FORM**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. **COVERED PROPERTY**, as used in this Coverage Form means your property or property of others including property you have leased or rented on a "long term" basis which is in your care and for which you are liable.

Property must consist of:

- a. Scheduled Contractors Equipment for which a limit of insurance is shown in the Declarations including accessory equipment and spare parts designed for use with the described equipment; and/or
- b. Unscheduled Contractors Tools that do not exceed \$1,000 in value for any one item for which an aggregate limit of insurance is shown in the Declarations.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Automobiles, or other vehicles designed for highway use, unless unlicensed and not operated on public roads;
- b. Watercraft;
- c. Aircraft;
- d. Property while airborne or waterborne, except while in transit;
- e. Property while in cofferdams, underground (except for waterwell drilling equipment), in caissons or underwater;
- f. Property you have leased or rented to others;
- g. Property you have leased or rented from others on a "short term" basis unless

selected under the Optional Coverage provision as provided in this policy.

- h. Employees' Tools unless if selected under the Optional Coverage provision as provided in this policy; or

- i. Property which has become a permanent part of any structure.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. COVERAGE EXTENSIONS

a. DEBRIS REMOVAL

We will pay for expenses you incur for the removal of debris of the covered property, which is occasioned by a "loss" covered by this coverage part. This payment shall be in addition to the insurance provided under this coverage part, but in no event will we be liable for more than \$50,000 under this extension in any one "loss".

b. POLLUTANT CLEAN UP AND REMOVAL

We will pay your expenses to extract "pollutants" from land or water if the release, discharge or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (1) The date of direct physical "loss"; or,

Text that is bracketed has been deleted

Text that is underlined has been inserted

CM 78 39 [07 99]

COMMERCIAL INLAND MARINE

2. Such equipment and/or tools are needed to continue normal operations, and
3. You do not have substitute equipment and/or tools.

We will pay 75% of your actual rental cost

- a. Beginning 72 hours after you report a "loss"; and
- b. Ending when:

- (1) The lost or damaged property has been replaced or repaired; or
- (2) The need for the rented equipment and/or tools no longer exists; whichever occurs first.

This amount will not be adjusted by a deductible or effected by the coinsurance provision.

b. EMPLOYEES' TOOLS:

If a limit is shown on the Declarations for employees' tools, we will pay the "loss" if such "loss" results from a covered cause of loss and occurs at your job site.

c. EQUIPMENT AND TOOLS LEASED OR RENTED FROM OTHERS ON A "SHORT TERM" BASIS:

If a limit is shown on the Declarations for equipment and tools leased or rented from others on a "short term" basis, we will pay the "loss" to such equipment and tools belonging to others which you have leased or rented under written agreement, if the "loss" results from a covered cause of loss for which you are legally liable.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.
- b. Unexplained disappearance.
- c. Shortage found upon taking inventory.
- d. Dishonest or criminal act committed by:

- (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
- (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
- (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such:

- (1) Persons are acting alone or in collusion with other persons; or
- (2) Acts occur during the hours of employment.

This exclusion does not apply to:

- (1) Covered Property that is entrusted to others who are carriers for hire; or
- (2) Acts of destruction by your employees. But theft by employees is not covered.

- e. Electrical currents, other than those caused by lightning that damage electrical equipment including its wiring unless fire or explosion ensues. We will then pay only for

- (2) The end of the policy period.

The most we will pay under this Coverage Extension is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

BORROWED PROPERTY

Equipment and/or tools of others you have borrowed and for which you are legally liable.

5. OPTIONAL COVERAGE

a. RENTAL REIMBURSEMENT:

The most we will pay in any one occurrence for rental reimbursement is \$5,000 or the limit shown on the Declaration, whichever is greater. We will pay you for the expense of renting equipment and/or tools, when the rental is made necessary by:

1. A covered "loss" to equipment and/or tools covered in this policy, and
2. Such equipment and/or tools are needed to continue normal operations, and
3. You do not have substitute equipment and/or tools.

We will pay 75% of your actual rental cost

- a. Beginning 72 hours after you report a "loss"; and

- b. Ending when:

- (1) The lost or damaged property has been replaced or repaired; or
- (2) The need for the rented equipment and/or tools no longer exists; whichever occurs first.

This amount will not be adjusted by a deductible or effected by the coinsurance provision.

b. EMPLOYEES' TOOLS:

If a limit is shown on the Declarations for employees' tools, we will pay the "loss" if such "loss" results from a covered cause of loss and occurs at your job site.

c. EQUIPMENT AND TOOLS LEASED OR RENTED FROM OTHERS ON A "SHORT TERM" BASIS:

If a limit is shown on the Declarations for equipment and tools leased or rented from others on a "short term" basis, we will pay the "loss" to such equipment and tools belonging to others which you have leased or rented under written agreement, if the "loss" results from a covered cause of loss for which you are legally liable.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss."

a. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

Text that is bracketed has been deleted.

Text that is underlined has been inserted.

CM 78 39 [07 99]

COMMERCIAL INLAND MARINE

the loss caused by the ensuing fire or explosion.

- f. When the weight of the load exceeds the registered lifting or supporting capacity of the equipment.
- g. Your neglect to use all reasonable means to save and preserve the property at and after any "loss" or when the property is so endangered.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss."

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the "loss."
- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
- c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property wherever located.

- d. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation, mechanical breakdown, insect, vermin, rodents, corrosion, rust, dampness, cold or heat.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations for the coverages selected.

D. DEDUCTIBLE

1. SPECIFIC DOLLAR DEDUCTIBLES

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance, exceeds the largest Specific Dollar Deductible shown in the policy. We will then pay the amount of the adjusted "loss" in excess of the Specific Dollar Deductible, up to the applicable Limit of Insurance.

2. PERCENTAGE DEDUCTIBLES

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limit of Insurance, exceeds the largest Percentage Deductible shown in the policy. The Percentage Deductible will apply to the amount of insurance per item; or, to the largest item if two or more items are involved in the same "loss". We will then pay the amount of the adjusted "loss" in excess of the Percentage Deductible, up to the applicable Limit of Insurance.

3. MULTIPLE DEDUCTIBLES

When a combination of Specific Dollar and Percentage Deductibles appear in the policy, only the largest deductible will be applied in any one occurrence when determining the adjusted "loss". We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine and the Common Policy Conditions:

1. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America; and
- b. Canada.
- c. Puerto Rico.

2. COINSURANCE

All Covered Property must be insured for 100% of its total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to 100% of the total value of all property at all locations as of the time of "loss".

3. REPORTS AND PREMIUM

The following condition applies to the optional coverage of Equipment and Tools Leased or Rented from Others on a "short term" basis.

- a. Reports. You must file with us a report, within 30 days of the end of each reporting period shown in the Declarations, showing the "premium base".

- b. Rates and Premiums.

- (1) Premium Computation. We will compute the premium:

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.

- b. Unexplained disappearance.

- c. Shortage found upon taking inventory.

- d. Dishonest or criminal act committed by:

- (1) You, any of your partners, employees, directors, trustees, or authorized representatives;

- (2) Anyone else with an interest in the property, or their employees or authorized representatives; or

- (3) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such:

- (1) Persons are acting alone or in collusion with other persons; or

- (2) Acts occur during the hours of employment.

This exclusion does not apply to:

- (1) Covered Property that is entrusted to others who are carriers for hire; or

- (2) Acts of destruction by your employees. But theft by employees is not covered.

- e. Electrical currents, other than those caused by lightning that damage electrical equipment including its wiring unless fire or explosion ensues. We will then pay only for the loss caused by the ensuing fire or explosion.

- f. When the weight of the load exceeds the registered lifting or supporting capacity of the equipment.

- g. Your neglect to use all reasonable means to save and preserve the property at and after any "loss" or when the property is so endangered.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss".

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event

excluded in paragraph 1. above to produce the "loss".

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;

- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

- (3) Materials used in repair, construction, renovation or remodeling; or

- (4) Maintenance;

of part or all of any property wherever located.

- d. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation, mechanical breakdown, insect, vermin, rodents, corrosion, rust, dampness, cold or heat.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence is the applicable Limit of Insurance shown in the Declarations for the coverages selected.

D. DEDUCTIBLE

1. SPECIFIC DOLLAR DEDUCTIBLES

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance, exceeds the largest Specific Dollar Deductible shown in the policy. We will then pay the amount of the adjusted "loss" in excess of the Specific Dollar Deductible, up to the applicable Limit of Insurance.

2. PERCENTAGE DEDUCTIBLES

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limit of Insurance, exceeds the largest Percentage Deductible shown in the policy. The Percentage Deductible will apply to the amount of insurance per item; or, to the largest item if two or more items are involved in the same "loss". We will then pay the amount of the adjusted "loss" in excess of the Percentage

Text that is bracketed has been deleted.

Text that is underlined has been inserted.

CM 78 39 [07 99]

COMMERCIAL INLAND MARINE

- (a) Using the "premium base" and rates shown in the Declarations, and

- (b) As of each premium adjustment period shown in the Declarations.

(2) Premium Adjustment.

- (a) When the Annual Premium Adjustment Period is shown in the Declarations, we will compare the total computed premium to the Deposit Premium. If it is more than the Deposit Premium, you will pay us the difference. If it is less than the Deposit Premium, we will pay you the difference.

- (b) When any other Premium Adjustment Period is shown in the Declarations, we will apply the computed premium to the Deposit Premium until it is used up. You will pay us all the premiums that exceed the Deposit Premium.

- (3) Minimum Premium. You must pay at least a minimum annual premium of \$100.00.

- (4) If this coverage is cancelled, you will report the "premium base" as of the date of cancellation. We will compute the premium for less than a full adjustment period on a pro rata basis.

c. Coinsurance. If at the time of "loss".

- (1) You have not submitted any required reports, we will not pay more than 90% of the amount that we would otherwise have paid.

- (2) Your last report prior to "loss" is less than the amount you are required to report, we will pay only that proportion of the "loss" that the reported amount bears to the total amount of all Covered Property as of the time of the last report.

4. ADDITIONAL ACQUIRED PROPERTY

If during the policy period you acquire additional property of a type already covered by this form, we will cover such property for up to 60 days. The most we will pay in a "loss" is the lesser of:

- a. 25% of the total Limit of Insurance shown in the Declarations for that type of property; or
b. \$250,000.

You will report such property within 60 days from the date acquired and will pay any additional premium due. If you do not report such property, coverage will cease automatically 60 days after the date the property is acquired.

This condition does not apply to equipment and tools leased or rented from others on a "short term" basis.

5. VALUATION

The Valuation condition contained in the Commercial Inland Marine Conditions is amended to include the following:

We will not deduct depreciation for a partial "loss" to an item when the "loss" is less than fifteen percent (15%) of the actual cash value of the item.

6. NOTICE TO POLICE

You agree that you will report promptly to the Police Department all thefts or acts of vandals.

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Short term" means any one lease or rental agreement not exceeding 30 days.
3. "Long term" means any one lease or rental agreement exceeding 30 days.
4. "Premium base" means the total expenditures incurred by the insured.
5. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

Deductible, up to the applicable Limit of Insurance.

3. MULTIPLE DEDUCTIBLES

When a combination of Specific Dollar and Percentage Deductibles appear in the policy, only the largest deductible will be applied in any one occurrence when determining the adjusted "loss". We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine and the Common Policy Conditions:

1. COVERAGE TERRITORY

We cover property wherever located within:

- a. The United States of America; and
b. Canada.
c. Puerto Rico.

2. COINSURANCE

All Covered Property must be insured for 100% of its total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to 100% of the total value of all property at all locations as of the time of "loss".

3. REPORTS AND PREMIUM

The following condition applies to the optional coverage of Equipment and Tools Leased or Rented from Others on a "short term" basis.

- a. Reports. You must file with us a report, within 30 days of the end of each reporting period shown in the Declarations, showing the "premium base".

- b. Rates and Premiums.

- (1) Premium Computation. We will compute the premium:

- (a) Using the "premium base" and rates shown in the Declarations, and

- (b) As of each premium adjustment period shown in the Declarations.

(2) Premium Adjustment.

- (a) When the Annual Premium Adjustment Period is shown in the Declarations, we will compare the total computed premium to the Deposit Premium. If it is more than the Deposit Premium, you will pay us the difference. If it is less than the Deposit Premium, we will pay you the difference.

- (b) When any other Premium Adjustment Period is shown in the Declarations, we will apply the computed premium to the Deposit Premium until it is used up. You will pay us all the premiums that exceed the Deposit Premium.

- (3) Minimum Premium. You must pay at least a minimum annual premium of \$100.00.

- (4) If this coverage is canceled, you will report the "premium base" as of the date of cancellation. We will compute the premium for less than a full adjustment period on a pro rata basis.

c. Coinsurance. If at the time of "loss".

- (1) You have not submitted any required reports, we will not pay more than 90% of the amount that we would otherwise have paid.

- (2) Your last report prior to "loss" is less than the amount you are required to report, we will pay only that proportion of the "loss" that the reported amount bears to the total amount of all Covered Property as of the time of the last report.

4. ADDITIONAL ACQUIRED PROPERTY

If during the policy period you acquire additional property of a type already covered by this form, we will cover such property for up to 60 days. The most we will pay in a "loss" is the lesser of:

- a. 25% of the total Limit of Insurance shown in the Declarations for that type of property; or
b. \$250,000.

You will report such property within 60 days from the date acquired and will pay any

Text that is bracketed has been deleted.

Text that is underlined has been inserted.

additional premium due. If you do not report such property, coverage will cease automatically 60 days after the date the property is acquired.

This condition does not apply to equipment and tools leased or rented from others on a "short term" basis.

5. VALUATION

The Valuation condition contained in the Commercial Inland Marine Conditions is amended to include the following:

We will not deduct depreciation for a partial "loss" to an item when the "loss" is less than fifteen percent (15%) of the actual cash value of the item.

6. NOTICE TO POLICE

You agree that you will report promptly to the Police Department all thefts or acts of vandals.

F. DEFINITIONS

1. "Loss" means accidental loss or damage.
2. "Short term" means any one lease or rental agreement not exceeding 30 days.
3. "Long term" means any one lease or rental agreement exceeding 30 days.
4. "Premium base" means the total expenditures incurred by the insured.
5. "Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes material to be recycled, reconditioned or reclaimed.

Text that is bracketed has been deleted.

Text that is underlined has been inserted.